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MMARS Policy: Accounts Receivable

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Lockbox

Executive Summary

The use of lockboxes for the receipt and processing of legislatively authorized cash payments is encouraged. Lockbox processing is efficient, less costly, and allows deposit on the same day for receipts, as required under state finance law.

Considerations

Departments must receive and account for revenue in accordance with state finance law and comptroller policies and procedures.

Policy

Receiving Commonwealth Revenue.

A state department must be legislatively authorized to receive revenue. If a department is authorized to receive revenue, the Massachusetts Constitution and supporting statutes require that all money received on account of the Commonwealth from any source is deposited daily with the State Treasurer. See [Article LXIII Section 1](#), [M.G.L. c. 30, §. 27](#), and [M.G.L. c. 10, § 17B](#).

Whenever possible, departments should use lockboxes for the receipt and processing of authorized cash payments. Lockboxes are offered for both Cash Management Central Remit (CMCR) automated receivables, and for non-CMCR receivables or over-the-counter cash receipts.

Lockboxes for CMCR Receivables

CMCR lockbox processing enables same-day processing of scannable remittance coupons and deposit of their accompanying payments directly into the bank. Contained on each coupon the Commonwealth prints

and the customer returns with payment a scan line that contains information that identifies the department, coupon ID, and/or External Cash Receipt (ECRT) Code for each specific payment. The bank then generates a file containing information from the scan line along with the payment amount that is sent to MMARS and loaded into the External Cash Receipt Data Storage (ECDS) table.

Once the ECDS table has been loaded, the Cash Receipt (CR) generation process is run to create and load the CR documents into MMARS. This process reads the ECDS table and retrieves from the system-maintained Coupon Return (CRT) Table information that will be used to create the zero-dollar CR document. The underlying accounting event debits the revenue from the department account, and credits the revenue to a special Treasury account as a net zero transaction.

In addition to the file sent by the lockbox bank to MMARS to create CRs, the lockbox bank sends a separate file to the Office of the State Treasurer (TRE) containing the daily deposits, which enables the cash from the bank deposits to be swept into the Commonwealth's clearing accounts. There is at least one clearing account for each department. From this daily deposit bank file, TRE creates a file of Cash Deposit (CD) transactions that is then loaded into MMARS.

To perform cash and deposit reconciliation for CMCR lockboxes, departments should query the ECDS and CRT tables from the Information Warehouse.

Departments interested in CMCR lockboxes should contact the Office of the Comptroller (CTR) Revenue Bureau. CTR will work with the department, TRE, and the bank to ensure that these deposits contain the correct identifier codes and are swept into the correct department clearing account.

Lockboxes for Non-CMCR Receivables

For non-CMCR Receivable lockboxes, departments forward to the lockbox bank all customer payments they have received from non-CMCR receivables or over-the-counter cash transactions. Departments create the resultant CRs either manually or through an interface from their delegated systems into MMARS. These documents can represent either individual transactions or summary transactions.

In addition, the lockbox bank sends a separate file to the Office of the State Treasurer (TRE) containing the daily deposits, which enables the cash from the bank deposits to be swept into the Commonwealth's clearing accounts. There is at least one clearing account for each department. From this daily deposit bank file, TRE creates a file of Cash Deposit (CD) transactions that is then loaded into MMARS.

Departments interested in non-CMCR receivable lockboxes should contact TRE's Cash Management Office who will work with them and the bank to develop specific procedures for handling these bank deposits and ensuring that the deposits are swept into the correct department clearing accounts.

Electronic signature and Department Head Authorization of MMARS documents

Electronic signatures are limited to MMARS documents. **Electronic signatures can not yet be used for contracts, amendments or underlying supporting documentation.** With the implementation of the MMARS accounting system the Office of the Comptroller is aligning Electronic Security with Department Head Signature Authorization (DHSA) in fiscal year 2005 in order to take advantage of electronic signatures for MMARS processing. Every MMARS action must be confirmed/authorized by the department head or an authorized signatory. Department head authorization can be accomplished in one of two ways:

- **Administrator Security with DHSA.** If the employee (Administrator - system processor) who submits a document to final status is a department head authorized signatory, the data in the MMARS system will be sufficient documentation. What appears in MMARS will be the record copy of the document.
 - **Recording Doc Id on all supporting documentation.** Since there is no paper copy required for the MMARS document the department will be required to include the MMARS Document Identification number (Doc ID) on all supporting documentation to “match” the supporting documentation with the electronic record of the MMARS document which will reside on MMARS. Recording the doc id on all supporting documentation can be accomplished by entry of the MMARS doc id on the first page of the supporting documentation, or by entering the doc id on a **MMARS Document Authorization/Records Management Form** which will act as the cover sheet to the supporting documentation for records management purposes.
- **Administrator Security without DHSA.** If the employee (Administrator - system processor) who will be submitting a document to final status is not a department head authorized signatory, the Administrator must obtain a live (“wet”) signature from an authorized signatory approving the document **PRIOR** to submitting the document to final status in MMARS.
 - **Review of document and supporting documentation.** Since a department head is required to authorize the official record of a MMARS document, which is what **actually appears in the MMARS system**, departments must ensure that whoever authorizes the document has reviewed the document and related supporting documentation prior to authorization.
 - **Written authorization.** The written authorization may appear on a screen-print of the document as entered and validated, but prior to final submission, or on a **MMARS Document Authorization/Records Management Form** prescribed by CTR, to capture the prior authorization for documents.

- ***Filing of authorization with supporting documentation.*** Authorization documentation must be kept on file at the department along with the record copy of other supporting documentation related to the MMARS document. See [Records Management](#) below.

What does electronic signature of a MMARS document mean?

When a department electronically submits a document to final status in MMARS, the department head is certifying to the Comptroller that the individual, on behalf of the department head, understands that their UAID (universal access identification) is being recorded for any entries made in the MMARS system **and that** that individual certifies under the pains and penalties of perjury that:

- it is their intent to attach an electronic signature approval and date to the MMARS document, **and that**
- they are either an authorized signatory of the department head who is authorized to approve the MMARS document as part of the department Internal Control Plan, **OR**
- that the document they are processing and any supporting documentation have been approved by an authorized signatory of the department head, secretariat and any other required prior approval (including secretariat signoff if required) and a copy of these approvals are available at the department referencing the MMARS document number, **and that**
- any expenditure or other obligation is supported by sufficient available legislatively authorized funds and is in accordance with the department's enabling legislation and funding authority; **and that**
- the MMARS document and any underlying supporting documentation are accurate and complete and comply with all applicable general and special laws, regulations and policies including public record intention and disposal requirements.

Records Management

The department is the record keeper of the official record copy of all receivable information. MMARS is the official record of the receivables entered by the department and will supersede any paper copies of the same information. The department must maintain any supporting or back up documentation related to a receivable entered in MMARS. A department is responsible for retaining and archiving receivable records in accordance with the disposal schedules issued by the Secretary of State Records Conservation Board.

Internal Controls

Under construction. See Accounts Receivable - Internal Controls – Revenue.

Information Sources

- Related Procedure – Under construction
- Related Policies:
 - Department Head Signature Authorization
 - Electronic Signatures for MMARS Documents
 - Accounts Receivable - Vendor/Customer Set up
 - Accounts Receivable – Debt Collection
 - Accounts Receivable – Intercept
 - Accounts Receivable – Payment Plans
 - Accounts Receivable – Cash Recognition
 - Accounts Receivable – Receivable Recognition and Reconciliation
 - Accounts Receivable – Electronic Payments
 - Accounts Receivable – Invoice Statements
 - Accounts Receivable – Delinquent Debt Cycle
 - Accounts Receivable – Third Party and Multiple Third Party Billing
 - Accounts Receivable – Receivable Renewals
 - Accounts Receivable - Internal Controls – Revenue.
- Legal Authority - [M.G.L. c. 7A](#); [M.G.L. c. 29](#); [M.G.L. c. 30, §. 27](#); [M.G.L. c. 10, § 17B](#); [M.G.L. c. 29, § 29D](#); [M.G.L. c. 7A, § 3](#); Massachusetts Constitution [Article LXIII Section 1](#); [815 CMR 9.00: Collection of Debts](#); [M.G.L. c. 7A § 18](#).
- Attachments - None
- Links – None
- Contacts – [CTR Help Desk](#)

Revisions

November 1, 2006 – Removed language referencing Knowledge Center and updated relevant links to Mass.gov portal site.